

Message Text

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ACTION AF-07

INFO OCT-01 ISO-00 AID-05 EB-04 OPIC-06 IGA-01 CIEP-01

STR-01 L-01 TRSE-00 CIAE-00 INR-05 NSAE-00 RSC-01

DRC-01 /034 W

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P 171221Z OCT 74

FM AMEMBASSY LUSAKA

TO SECSTATE WASHDC PRIORITY 822

C O N F I D E N T I A L LUSAKA 2142

PASS OPIC

EO 11652: GDS

TAGS: EFIN, ZA

SUBJECT: TAW

1. TOM WOOD AND HIS ASSOCIATES (DYNNER, SAVAGE AND OTHIENO) CALLED AT EMBASSY OCT 16 IN RESPONSE TO MY INVITATION FOR DEBRIEFING ON STATE OF NEGOTIATIONS WITH GRZ. WE HAD FRIENDLY, HOUR-LONG DISCUSSION IN WHICH TAW EVINced NEW AND NOTEWORTHY DEGREE OF CONFIDENCE IN EMBASSY SUPPORT AND BACKUP.

2. TAW EXPLAINED DELAYED START IN NEGOTIATIONS AS MIXUP IN COMMUNICATIONS ON ZAMBIAN SIDE, ALTHOUGH SAID IT HAD KEPT ZAMBIAN AMBASSADOR MWALE FULLY INFORMED ALL ITS PLANS AND MOVES AND KNEW TASE CONVEYED PROMPTLY TO GRZ (CHONA AND MWAANGA).

3. SOLICITOR GENERAL CHIBESAKUNDA SUPPOSEDLY ACCEPTED TAW PRECONDITIONS IN LETTER OF OCT 2 (FIXED AGENDA, RETURN OF REGISTRATION BOOKS ON TAW'S TRUCKS HERE) ALTHOUGH BOOKS RETURNED ONLY ONE HOUR BEFORE FIRST MEETING.

4. TWO MEETINGS HAVE BEEN HELD ON SUCCESSIVE DAYS
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SINCE TAW TEAM'S ARRIVAL OCT 14. BOTH CHAIRED BY

FONMIN MWAANGA. WHILE NO CONCLUSIONS YET REACHED
IT OBVIOUS BOTH SIDES WANT SETTLEMENT. TAW
SLIGHTLY MIFFED BUT MORE CURIOUS REGARDING FAILURE
SO FAR OF PRIME MINISTER CHONA TO CHAIR MEETINGS AS
ARRANGED IN ADVANCE. HOWEVER, WOOD SAYS CHONA
NOW HAD ALL OF TAW'S FACTS AND FIGURES AND SHOULD
KNOW THE RANGE OF OPTIONS FOR SETTLEMENT. HOPES FOR
BUSINESS AND NOT RPT NOT POLITICAL DECISION.
WHILE TAW RECOGNIZES GRZ SERIOUS IN ITS INTENT TO
GO TO ARBITRATION TAW HAS INDICATED TO MWAANGA THIS WOULD BE
SERIOUS LEGAL MISTAKE, UNNECESSARILY COSTLY, AND EXPOSE GRZ
TO RISK OF PUBLIC JUDGMENT AGAINST IT. WOOD TRYING TO
CONVINCE GRZ THAT OUT-OF-COURT NEGOTIATED SETTLEMENT
WOULD PROBABLY COST IT AS HIGH AS 32 MILLION DOLLARS;
WHEREAS REINSTATEMENT OF CONTRACT WOULD COST ONLY
24.6 MILLION DOLLARS. WE SURPRISED TO HEAR TAW NOW
TALKING QUITE SERIOUSLY ABOUT ADVANTAGES TO GRZ AND
ACCEPTABILITY TO TAW OF CONTRACT REINSTATEMENT.
TAW EXPLAINED THIS POSITION REACHED ONLY AFTER
MUCH IN-COMPANY DEBATE AND SOME DISSENT AS IT
WOULD MEAN REMAINING IN ZAMBIA FOR TWO TO THREE
YEARS, TAKING A LOT OF POLITICAL CIRITICISM AND FACING
REAL PROBLEM OF MAKING PROFIT. BUT GRZ SHOULD SEE THIS
FOR WHAT IT IS -- CHEAPEST SOLUTION WHICH GIVES IT EFFICIENT
TRUCK MANAGEMENT AND VEHICLE SERVICING WITH SOME FACE-
SAVING, POLITICAL BENEFITS, ALL OF WHICH IT MIGHT NOT
ENJOY IF IT BOUGHT THE TRUCKS OUTRIGHT.

ON BALANCE TAW COULD LIVE WITH REINSTATEMENT
SOLUTION BUT ONLY IF THERE IS ZAMBIAN MONEY "UP
FRONT" SO TAW RELIEVED OF FINANCIAL EXPOSURE OF PAST.

5. DURING CONVERSATION I INQUIRED HOW EMBASSY MIGHT
BE HELPFUL. AT THIS STAGE TAW MAINLY INTERESTED
IN KEEPING US INFORMED BECAUSE THEY AWARE OF PRIME
MINISTER'S PERSONAL INTERVENTION WITH ME (OPINED
CHONA'S POLITICAL CAREER MAY HAND ON SETTLEMENT) AND OUR
CONTINUING CLOSE CONTACTS WITH FONMIN. WOOD PROMISED
TO CALL ME AS SOON AS POSSIBLE AFTER NEXT CONTACT WITH GRZ.

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6. WOOD CLAIMED GRZ REPS SENT TO US TO BUY GM TRUCKS
(MUTTENDANGO) FOUND TERMS INCLUDING OCEAN FREIGHT TOO
STEEP TO MEET. THIS IS AT VARIANCE WITH REPORT WE
HAD FRONG MUTTENDANGO THAT WHILE HIS NEGOTIATIONS
WITH GM WENT WELL, REQUIREMENT UNDER AID LOAN FOR
SHIPMENT IN US BOTTOMS PRESENTING
COST PROBLEMS (MEMO OF 10/15 POUCHED AF/E, OPIC).
WILKOWSKI

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NNN

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